

Message Text

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DEPARTMENT OF AGRICULTURE

C O N F I D E N T I A L BUCHAREST 5708

LIMDIS

BELGRADE FOR AGATT AND NICHOLAS ANDREWS

E.O. 11652: N/A

TAGS: EAGR, ETRD, RO

SUBJ: ROMANIAN FEEDGRAIN NEEDS

REF: (A) STATE 268563; (B) BUCHAREST 5637

1. SUMMARY. DESPITE EARLIER INDICATION OF ROMANIAN DECISION TO BUY FEEDGRAINS ON US COMMERCIAL MARKET, AGRICULTURE MINISTER MICULESCU HAS NOW MADE NEW APPEAL FOR CCC CREDITS FOR 200,000 TONS OF "ANY" KIND OF FEEDGRAINS INCLUDING FEED QUALITY WHEAT SO SUBSTANTIAL SLAUGHTERING OF PIGS AND POULTRY CAN BE AVERTED. END SUMMARY.

2. AGRICULTURE MINISTER MICULESCU ASKED ME TO CALL ON HIM LATE AFTERNOON DECEMBER 11. DURING THE RESULTING RATHER SOMBRE MEETING, HE MADE A "PERSONAL" APPEAL FOR ADDITIONAL CCC FEEDGRAIN CREDITS. HE SAID HE WAS DOING SO IN FULL RECOGNITION OF US SHORTAGES AND MORATORIUM ON FEEDGRAIN CREDITS AS WELL AS REEXAMINATION OF ROMANIA'S NEEDS AFTER SECRETARY KISSINGER'S VISIT HERE AND HIS OWN TALK WITH SECRETARY BUTZ IN ROME BECAUSE HE HAD NOWHERE ELSE TO TURN. OBVIOUSLY DEEPLY WORRIED ABOUT ROMANIA'S SITUATION, MICULESCU ASSERTED THAT ROMANIA HAD NO CHOICE BUT TO ASK US FOR CREDITS FOR AT LEAST 200,000 TONS OF FEEDGRAINS OR BEGIN SLAUGHTERING PIGS AND POULTRY BE-
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FORE WINTER WAS OVER.

3. AFTER REVIEWING ONCE AGAIN THE FACTORS CREATING THE DIFFICULT SITUATION IN THE US, I ASKED MICULESCU WHAT HAD HAPPENED TO THE IDEA OF BUYING GRAIN. HE SAID THAT SOME QUANTITY WOULD STILL HAVE TO BE BOUGHT, PERHAPS ANOTHER 150-200,000 TONS, BUT THAT ANY SUCH DECISION WOULD BE POSTPONED AS LONG AS POSSIBLE INTO THE NEW YEAR. I ASKED FOR MORE SPECIFICS FROM HIM. MICULESCU SAID "ANY KIND" OF FEEDGRAINS WOULD DO: CORN, BARLEY, SORGHUM, OR FEED-QUALITY WHEAT. HE PARTICULARLY STRESSED THE LATTER, SUGGESTING PERHAPS DAMAGED OR SPROUTED WHEAT, BELOW BAKING QUALITY, MIGHT BE MORE READILY AVAILABLE. WHEN I QUERIED HIM ON TIMING, HE SAID ROMANIA WILL NEED 100,000 TONS BY MARCH AND A SECOND 100,000 TONS BY MAY. THERE IS ENOUGH FEED FOR OTHER LIVESTOCK BUT PIGS AND POULTRY ARE DEPENDENT ON FEEDGRAIN CONCENTRATES AND IF THESE CANNOT BE OBTAINED SLAUGHTERING WILL HAVE TO START UNTIL CONSUMPTION MATCHES AVAILABILITY. HE ESTIMATED THAT THIS WOULD LEAD TO A 15-18 PERCENT REDUCTION IN THE NUMBER OF PIGS AND POULTRY.

4. I GAVE MICULESCU NO ENCOURAGEMENT, BUT SAID I WOULD OF COURSE PASS ON HIS REQUEST. I NOTED IN ADDITION TO THE PROBLEM OF SHORTAGES IN THE STATES CCC CREDITS MIGHT NOT BE CURRENTLY APPLICABLE FOR SOME OF THE PRODUCTS HE MENTIONED LIKE SPROUTED WHEAT. MICULESCU RECALLED THAT THE DEPARTMENT OF AGRICULTURE HAD ARRANGED FOR SEEDS TO BE COVERED BY CCC CREDITS FOR THE FIRST TIME TO MEET SERIOUS ROMANIAN NEEDS AFTER THE 1970 FLOODS.

5. IN AN EARLIER CONVERSATION WITH EMBASSY JUNIOR OFFICIALS IN MINISTRY OF AGRICULTURE SAID THEY WERE UNDER IMPRESSION THAT POLAND HAS BEEN GRANTED CCC CREDITS FOR FEEDGRAINS SINCE STARTUP OF VOLUNTARY EXPORT APPROVAL SYSTEM. THEY WONDERED IF EXCEPTION MADE FOR POLAND, PERHAPS IT COULD BE MADE FOR ROMANIA. THIS POINT WAS NOT RAISED BY MICULESCU. NONETHELESS EMBASSY WOULD APPRECIATE DEPARTMENT'S COMMENT ON THIS REPORT OF WHICH WE HAVE NO CONFIRMATION SO EMBASSY CAN REASSURE GOR THAT ROMANIA NOT BEING DISCRIMINATED AGAINST.

6. COMMENT: NEITHER EMBASSY NOR ROMANIAN CABINET OFFICERS
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ARE UNDER ILLUSIONS ABOUT THE DIFFICULTY OF BREAKING OUR MORATORIUM ON FEEDGRAIN CREDITS DURING A TIME OF FEEDGRAIN SHORTAGE AND HIGH PRICES FOR AMERICAN LIVESTOCK FARMERS. I GAVE NO REASON FOR OPTIMISM TO MICULESCU IN MY PRESENTATION OF HARD FACTS OF SITUATION. NEVERTHELESS, IT SEEMS CLEAR NOT ONLY THAT ROMANIA'S FUTURE FOREIGN EXCHANGE EARNINGS WILL BE CUT IF ANIMALS MUST BE SLAUGHTERED TO CONSERVE FEED DURING CURRENTLY POOR EXPORT MARKET, BUT THAT EFFORTS TO REBUILD

LIVESTOCK NEXT YEAR WILL BE AT EXPENSE OF DOMESTIC CONSUMERS. IT IS ALSO CLEAR THAT MICULESCU AND HIS MINISTRY ARE IN A VERY TIGHT CORNER. BOTH THE MANNER IN WHICH HE PRESENTED SITUATION AND THE FACT THAT GOR IS COMING BACK TO US FOR THIRD TIME LEAVE ME IN NO DOUBT CONCERNING CRITICALITY OF GOR'S NEED FOR FEEDGRAINS AS WELL AS THEIR FOREIGN EXCHANGE SITUATION. IN THESE EXCEPTIONAL CIRCUMSTANCES I REQUEST ANOTHER REVIEW OF POSSIBILITY FOR CCC CREDITS. FACT THAT MICULESCU IS WILLING TO ACCEPT IN EFFECT ANYTHING THAT PIGS AND POULTRY CAN CONSUME LEADS ME TO HOPE THAT WE MAY BE ABLE TO ASSIST IN MEETING AT LEAST A PORTION OF GOR'S EMERGENCY REQUIREMENTS.

7. STATE 261059 MENTIONS ROMANIA'S HIGH PRIORITY AS A CCC CUSTOMER AND THE CAREFUL CONSIDERATION THAT WILL BE GIVEN FUTURE REQUESTS FOR CREDITS WHEN SUPPLY SITUATION PERMITS. IS THERE ANY POSSIBILITY THAT SUCH AN IMPROVEMENT CAN OCCUR IN TIME TO PERMIT APPROVAL OF SHIPMENTS FOR ARRIVAL BY MARCH OR MAY IN LIGHT OF MICULESCU'S TIME TABLE FOR ITEMS COVERED UNDER VOLUNTARY COOPERATION SYSTEM? IN ADDITION, UNDER VOLUNTARY COOPERATION SYSTEM IT IS NOT CLEAR WHETHER EVERY TYPE OF WHEAT IS COVERED, INCLUDING THE FEED AND SPROUTED WHEAT TYPES TO WHICH MICULESCU REFERS. WHAT ARE THE PROSPECTS FOR THESE GRAINS?
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